



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.lacounty.gov>

DAVID E. JANSSEN  
Chief Administrative Officer

February 2, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen   
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

**SACRAMENTO UPDATE**

**Legislative Analyst's Report on Infrastructure Bonds Package**

The Legislative Analyst's Office (LAO) recently released a report entitled "Implementing the 2006 Bond Package: Increasing Effectiveness through Legislative Oversight." The LAO notes that passage of the 2006 infrastructure bond package authorized approximately \$42.7 billion in general obligation bond funds for transportation, education, flood control, resources, and housing. Most of the funding programs will require legislative action to appropriate funding and many of the new programs will require implementation legislation to expend the funds.

The report suggests a number of recommendations that would help the Legislature insure that the bond funds are used efficiently. The LAO estimates that the bond package will have a modest impact on the overall State economy and recommends a multiple year spending plan to deliver the highest quality of projects. Approximately \$24.5 billion of bond funding is allocated to 46 existing programs and the remaining \$18.2 billion, or 40 percent, is authorized for 21 new programs. A minimum of 24 different State entities will administer the 67 programs authorized by the five bond measures. As a result, the LAO recommends the Legislature take steps to ensure that State entities communicate and coordinate on those programs where agency boundaries overlap in order to limit administrative costs and maximize capital project funding. In developing the new programs, the LAO recommends that the Legislature clearly define program goals and selection criteria in a manner consistent with statewide priorities with a focus on funding projects with long-term benefits.

The LAO indicates that the Legislature's management of the bond proceeds can be significantly enhanced through the annual budget process. The Legislature is advised to appropriate program funds only when it is satisfied that the bond proceeds will be spent effectively by the responsible agencies, to include continuous appropriations as part of the annual budget process and refrain from adding new continuous appropriations as part of the annual budget review. Further oversight can be achieved through the use of special committees and joint hearings, and regular progress reports and annual audits.

The LAO report also reviews the Governor's bond implementation plan outlined in the Proposed FY 2007-08 Budget, which includes more than \$11 billion in bond expenditures or almost 25 percent of the total available. The Governor allocates approximately \$8.9 billion for existing programs and \$2.6 billion for new programs. The LAO recommends that the Legislature include the Governor's bond expenditures from the continuously appropriated funds in the annual Budget bill. The report is available at [www.lao.ca.gov](http://www.lao.ca.gov).

### **Recently Introduced Infrastructure Bills**

A number of bills have been introduced dealing with specific bond measures and the allocation of bond funds. According to the departments of Beaches and Harbors and Parks and Recreation, these bills have only a limited focus on funding related to parks and beaches. Both departments indicate that the bills are "spot bills" which may be further developed during the legislative session and that additional bills are likely to be introduced to implement the park-related bond funding. The Community Development Commission and the Department of Public Works are monitoring the various infrastructure bills and will estimate their impact on the County once more substantial language is included in the bills. The following is a summary of eight bills that have been introduced related to the implementation of the 2006 infrastructure bond package.

### **Water Resources and Flood Management**

**AB 41 (La Malfa)**, as introduced on December 4, 2006, would declare that the funds derived from the Disaster Preparedness and Flood Prevention Bond Act of 2006 (Proposition 1E) and the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006 (Proposition 84) address the State's critical lack of adequate water storage and are expended in the most cost-efficient and effective manner. The bill now awaits assignment to a committee.

**SB5 (Machado)**, as introduced on December 4, 2006, would make legislative findings and declarations regarding the necessity of developing a comprehensive integrated flood policy and flood management program and integrating the flood-related funding under Propositions 1E and 84 with the integrated flood policy and flood management program. The bill now awaits assignment to a committee.

**SB 34 (Torlakson)**, as introduced on December 4, 2006, would declare the intent of the Legislature to authorize the Reclamation Board, in consultation with the Department of Water Resources, to establish a "beneficiary pays system" and to collect user fees and assessments for levee maintenance and other flood control purposes in the Delta; and that a significant portion of the bond funds approved in Proposition 1E be prioritized in conjunction with the "beneficiary pays system." The bill now awaits assignment to a committee.

#### Housing

**SB 46 (Perata)**, as introduced on December 22, 2006, would make technical, nonsubstantive changes to the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C). The bill now awaits assignment to a committee.

#### Transportation

**SB 9 (Lowenthal)**, as introduced on December 4, 2006, would amend the Highway Safety, Traffic Reduction, Air Quality, Port Security Bond Act of 2006 (Proposition 1B) and declare a selection process for transportation projects to be funded from the Trade Corridors Improvement Fund. The bill now awaits assignment to a committee.

**SB 19 (Lowenthal)**, as introduced on December 4, 2006, would declare the intent of the Legislature to enact legislation that establishes conditions and criteria for projects funded by Proposition 1B. The bill now awaits assignment to a committee.

**SB 45 (Perata)**, as introduced on December 22, 2006, would declare the intent of the Legislature to enact legislation that would establish the application process for allocations from the Transit System Safety, Security, and Disaster Response Account under Proposition 1B. The bill now awaits assignment to a committee.

**SB 47 (Perata)**, as introduced on December 22, 2006, would declare the intent of the Legislature to enact provisions governing project eligibility, matching fund requirements, and the application process relative to the allocation of bond funds from Proposition 1B. The bill now awaits assignment to a committee.

#### New Infrastructure Bond Proposals

As reported in the January 10, 2007 Sacramento Update, the Governor proposes the issuance of an additional \$43.3 billion in new general obligation, lease revenue, and self-liquidating bonds as part of the Strategic Growth Plan. The LAO reports that the Governor's bond proposal would place a total of \$29.4 billion before the voters in 2008 and 2010, with the largest part of the proposed funding or \$23.1 billion allocated for education purposes. In addition, the Legislature has introduced bills that would address

new infrastructure bond spending for water resources and library construction. The following is a summary of legislation related to proposed new infrastructure funding.

**SCA 2 (Simitian)**, as introduced on December 4, 2006, would enact a constitutional amendment that would establish requirements for the amendment or repeal of a bond measure designated as the "Clean Drinking Water, Water Supply Security, and Environmental Improvement Bond Act of 2007" to be submitted to the voters at an unspecified election. The measure proceeds to the Senate Committees on Natural Resources and Water, and Elections Reapportionment and Constitutional Amendments, and Appropriations.

**SB 27 (Simitian)**, as introduced on December 4, 2006, would enact the Clean Drinking Water, Water Supply Security, and Environmental Improvement Bond Act of 2007 which, if approved by the voters at an unspecified statewide election would authorize the issuance of \$5 billion in State General Obligation bonds for water conveyance infrastructure, environmental enhancements, water quality improvements, and water supply protection measures. The bond measure would fund the construction of a clean water project to relocate the existing major water Delta intake facilities and create the Water Quality and Environmental Improvement Agency. SB 27 would become operative only if a constitutional amendment, currently unspecified, is also approved by the voters at a specified statewide election.

**SB 59 (Cogdill)**, as introduced on January 11, 2007, would enact the Reliable Water Supply Bond Act of 2008, which if approved the voters at the November 4, 2008 statewide general election would authorize the issuance of \$3.95 billion in State General Obligation bonds for water resources infrastructure improvements. The bill has four major funding categories: Water Storage Development Projects (\$2.5 billion), Delta Sustainability (\$1 billion), Water Use Efficiency (\$200 million), and Resource Stewardship and Environmental Restoration (\$250 million). The measure proceeds to the Senate Committee on Natural Resources and Water.

**SB 156 (Simitian)**, as introduced on January 30, 2007, would enact the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond act of 2008 which, if approved by the voters at the 2008 statewide general election would authorize the issuance of \$4 billion in State General Obligation bonds for library construction and renovation. The bond program would award funds in an amount equal to 65 percent of the project costs, up to a maximum of \$30 million per project. Each grant recipient would be required to provide local matching funds in an amount equal to 35 percent of the costs of the project. Public education institutions participating in joint-use projects would be required to provide at least 50 percent of the 35 percent local match. The minimum grant request is \$500,000 per project. Grant funds could not be used for books, certain administrative costs, interest payments, or operating costs. The County Public Library Department is currently reviewing the legislation.

Each Supervisor  
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We will continue to keep you advised.

DEJ:GK  
MAL: EW:LY:mc

c: All Department Heads  
Legislative Strategist  
Local 660  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants